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February 22, 2006  
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Mr. Robert Rockwell  
36140 E. Antelope Dr.  
PO Box 1194  
Wellton, Arizona 85356

RE: Mohawk Utility Company, Inc. – Application to extend a Certificate of Convenience and Necessity. Docket No. W-02341-06-0040

**INSUFFICIENCY LETTER**

Dear Mr. Rockwell:

The application of Mohawk Utility Company, Inc. ("Mohawk") to extend its Certificate of Convenience and Necessity, Docket No. W-02341-06-0040, has not met the sufficiency requirements as outlined in the Arizona Administrative Code ("A.A.C.").

To correct the deficiencies, please provide the following information:

1. Provide the name of Mohawk's certified operator.
2. Provide the actions Mohawk has taken and plans to take to resolve the Major Deficiencies cited in the Arizona Department of Environmental Quality ("ADEQ") Drinking Water Compliance Status Report dated February 3, 2006.
3. Provide written requests for service which require the extension of Mohawk's service territory. Include a legal description or a map indicating where the persons or entities requesting service will be located.
4. The response to Section J. of the application requesting estimates of the cost to construct utility facilities to serve customers in the requested area was "currently not needed." Please elaborate on this statement.
5. Describe the development in Mohawk's requested extension area referred to in the public comment portion of the Tacna Water Company's hearing on February 21, 2006. Include the location, the potential number of customers, estimated water usage and estimated costs to serve the development.

6. Please describe the source of financing that will be used to fund the extension of facilities needed to serve the proposed extension area.
7. Please provide a copy of the water supply agreement Mohawk has with the District.
8. In Decision 63260, Mohawk's application for an extension of its CC&N was denied except that Mohawk was authorized to continue to serve those existing customers residing outside of its certificated area. Please provide a list of those customers and any other customers currently being served outside Mohawk's certificated area and provide a map showing the location of each customer.
9. Mohawk's 2004 Annual Report to the ACC indicates that Mohawk was not current in its property tax payments. Is Mohawk now current on its property taxes? If not, when will Mohawk become current?
10. Please provide a drinking water design report which clarifies how water will be provided to the proposed CC&N extension area.

The report should identify existing and future sources, the capacities of existing sources, the estimated capacities of future sources and any existing demand on the present water sources.

The report should include the estimated water demand from a typical dwelling unit, the estimated demand from the proposed CC&N extension area.

The report should identify the location of future and existing transmission mains and include the timing or construction phasing of facilities.

The design report should describe water quality and address any water quality problems with the existing and future sources of water (as an example, will extra treatment costs arise in order to meet existing or future maximum contaminant levels for arsenic nitrates or fluorides in the drinking water?).

11. Please provide a copy of the Arizona Department of Water Resources Analysis of Adequate Water Supply for the proposed CC&N extension area.
12. Please provide any other information which will allow the Commission to analyze and conclude that the Company has sufficient water production capacity, or can develop enough drinking water capacity to service the existing and future demands from the proposed CC&N extension area.
13. Please provide an estimate of the water facilities costs to Mohawk necessary to serve the proposed CC&N extension. The costs should include a description of

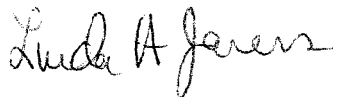
the major components with the cost of the component (i.e., wells, number and size of storage tanks, etc.).

14. Based on Staff's capacity calculations using data taken from the Company's 2004 Commission Annual Report Mohawk does not have sufficient storage capacity to service the existing customer base during times of peak usage. What plans does Mohawk have to increase its storage capacity?

Pursuant to A.A.C. R14-2-411(C)(3), Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency. Pursuant to the A.A.C. R14-2-411(C) for water and R14-2-610(C) for wastewater, the Commission has 150 calendar days to approve or reject this application after it is deemed sufficient. This time period will encompass a hearing, a Recommended Opinion and Order and a Decision from the Commission.

If you have any questions concerning this matter, please do not hesitate to contact me at 602-542-0859 or Del Smith at 602-542-7277.

Yours truly,



Linda A. Jaress  
Executive Consultant III

LAJ:red

cc: Docket Control  
Del Smith  
Lyn Farmer  
Brian Bozzo